

Message Text

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SUBJECT: SOVIET FIRST HALF INDUSTRIAL PERFORMANCE UP BUT MIXED

REF: MOSCOW 8873

BEGIN UNCLASSIFIED
SUMMARY: THE FIRST, BRIEF ROUNDUP OF SOVIET INDUSTRIAL
PERFORMANCE IN THE FIRST HALF OF 1977 IS FRONT-PAGED IN
PRAVDA. GROWTH OVER LAST YEAR RUNS SOMEWHAT HIGHER
THAN IN EARLIER MONTHS, BUT THE PICTURE IS MIXED, AS
USUAL, AND OIL OUTPUT IS NOT MENTIONED AT ALL. END SUMMARY.
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1. ACCORDING TO PRAVDA'S JULY 11 "DIARY OF ALL-UNION
EMULATION," JUNE MARKED A NEW STEP FORWARD WITH TOTAL
INDUSTRIAL OUTPUT SIX PERCENT ABOVE THE SAME PERIOD LAST
YEAR, OVERFILLING THE PLAN BY EIGHT-TENTHS OF A PERCENT.
THE FOLLOWING MINISTRIES MOVED AT "A GOOD PACE":
INSTRUMENT MAKING, AUTOMATION EQUIPMENT AND CONTROL SYSTEMS

AND MACHINE BUILDING FOR ANIMAL HUSBANDRY AND FODDER PRODUCTION (11 PERCENT); GAS INDUSTRY (10 PERCENT); CHEMICAL AND PETROLEUM MACHINE BUILDING, AUTOMOTIVE INDUSTRY (9 PERCENT); TRACTOR AND AGRICULTURAL MACHINE BUILDING (8 PERCENT); MEDICAL INDUSTRY (12 PERCENT); AND THE MAIN ADMINISTRATION OF MICROBIOLOGICAL INDUSTRY (10 PERCENT).

2. PRODUCTION UNITS (KOLLEKTIVY) IN THE FOLLOWING FIELDS, HOWEVER, ARE WORKING "SIGNIFICANTLY BELOW THEIR POTENTIALS": COAL, CHEMICAL, PULP AND PAPER, FOOD PETROCHEMICAL AND PETROLEUM REFINING, TIMBER AND WOOD PROCESSING INDUSTRY, FERROUS AND NON-FERROUS METALLURGY, AND HEAVY MACHINE BUILDING. PRAVDA ATTRIBUTES THE WEAK OUTPUT "IN A NUMBER OF THESE BRANCHES" TO PUTTING NEW ENTERPRISES AND FACTORIES INTO OPERATION AND THE SLOW INTRODUCTION OF SCIENTIFIC AND TECHNOLOGICAL ACHIEVEMENTS AND ADVANCED EXPERIENCE. SAYS PRAVDA, THE IMPORTANT CONCLUSION TO DRAW IS (THE NEED FOR) A MORE ACTIVE STRUGGLE FOR EFFICIENT UTILIZATION OF BASIC FUNDS AND FOR TECHNICAL PROGRESS.

3. THE COUNTRY RECEIVED "NOT A LITTLE" (NEMALO) ABOVE-THE-JUNE-PLAN PRODUCTION OF PETROLEUM PRODUCTS, GAS, AUTOMOBILES. ITEMS OF ELECTRICAL EQUIPMENT, AND CONSUMER

GOODS, AND ENTERPRISES IN SEVERAL MINISTRIUS WHICH WERE LAGGING PREVIOUSLY HAVE CAUGHT UP AND HAVE IMPROVED LIMITED OFFICIAL USE

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THEIR INDICATORS. HOWEVER, THERE ARE "ALARMING" LAGS IN LIGHT INDUSTRY, MACHINE BUILDING FOR LIGHT AND FOOD INDUSTRY AND HOUSEHOLD APPLIANCES, AND SEVERAL OTHER BRANCHES, NONE OF WHICH FULFILLED THEIR JUNE PLANS. THEY WERE FOULED UP, SAYS PRAVDA, BY "VIOLATIONS" IN THE LINKS BETWEEN CONSUMERS AND SUPPLIERS OF RAW MATERIALS, MATERIALS AND EQUIPMENT. IT CALLS FOR SIGNIFICANT IMPROVEMENT IN THE WORK OF SUPPLY AND TRANSPORTATION ORGANIZATIONS. END UNCLASSIFIED.

4. BEGIN LIMITED OFFICIAL USE. COMMENT: USEFUL ANALYSIS MUST AWAIT THE PUBLICATION OF THE FULLER REPORT FROM THE CENTRAL STATISTICAL ADMINISTRATION LATER THIS WEEK OR NEXT. ON THE BASIS OF PRAVDA'S REPORT, HOWEVER, IT IS SAFE TO SAY THAT OVERALL INDUSTRIAL PRODUCTION IS NOW RUNNING AHEAD OF THE 1977 TARGET OF 5.6 PERCENT WITH GAS, SOME MACHINE BUILDING AND CONSUMER DURABLES CONTINUING TO BE GROWTH LEADERS. THE MINISTRIES IN DIFFICULTY ARE THE USUAL ONES AND SO ARE THEIR PROBLEMS.

5. WHAT IS NOT SO CLEAR IS WHAT HAS HAPPENED TO OIL PRODUCTION--IT IS NOT MENTIONED AT ALL. ITS EARLIER

LAGS MAY WELL, HOWEVER, BE CONTRIBUTING TO "BELOW
POTENTIAL" PERFORMANCE IN THE REFINING AND PETROCHEMICAL
INDUSTRIES. A SIMILAR PROBLEM PROBABLY ALSO EXISTS
BETWEEN EARLIER CAST IRON SHORTFALLS AND METALLURGY AND
HEAVY MACHINE BUILDING PROBLEMS NOW, ALTHOUGH THAT IS
CERTAINLY ONLY ONE OF THE FACTORS INVOLVED.
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